

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type: <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name: <u>Romeo, Washington, Bruce Parks and Recreation</u> <u>Commission</u>	County <u>Macomb</u>
Audit Date March 31, 2005	Opinion Date June 28, 2005	Date Accountant Report Submitted To State: September 30, 2005	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations.

You must check the applicable box for each item below:

- | | |
|---|---|
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input checked="" type="checkbox"/> yes <input type="checkbox"/> no | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91] or P.A. 55 of 1982, as amended [MCL 38.1132]) |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> yes <input checked="" type="checkbox"/> no | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Reports on individual federal assistance programs (program audits).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Single Audit Reports (ASLGU).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Certified Public Accountant (Firm Name): PLANTE & MORAN, PLLC			
Street Address 27400 Northwestern Highway	City Southfield	State MI	ZIP 48037
Accountant Signature <i>Plante & Moran, PLLC</i>			

Romeo, Washington, Bruce Parks and Recreation Commission

**Financial Report with
Supplemental Information
March 31, 2005**

Romeo, Washington, Bruce Parks and Recreation Commission

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Independent Auditor's Report

To the Members of the Council
Romeo, Washington, Bruce Parks
and Recreation Commission

We have audited the accompanying basic financial statements of the Romeo, Washington, Bruce Parks and Recreation Commission as of March 31, 2005 and for the year then ended as listed in the table of contents. These financial statements are the responsibility of the Romeo, Washington, Bruce Parks and Recreation Commission's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Romeo, Washington, Bruce Parks and Recreation Commission as of March 31, 2005 and the changes in its financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis, as identified in the table of contents, is not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The required supplemental information listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the basic financial statements of the Romeo, Washington, Bruce Parks and Recreation Commission. This information has been subjected to the procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

To the Members of the Council
Romeo, Washington, Bruce Parks
and Recreation Commission

As described in Note I, the Commission has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and related statements, as of April 1, 2004.

Plante & Moran, PLLC

June 28, 2005

Romeo, Washington, Bruce Parks and Recreation Commission

Management's Discussion and Analysis

Our discussion and analysis of the Romeo, Washington, Bruce Parks and Recreation Commission financial performance provides an overview of the Commission's financial activities for the fiscal year ended March 31, 2005. Please read it in conjunction with the Commission's financial statements.

As this is the first year of the management's discussion and analysis report, and consistent with Governmental Accounting Standards Board Statement Number 34, this year's report does not show data comparative with prior years. In future years, the condensed financial information section below will include this information.

Romeo, Washington, Bruce Parks and Recreation Commission as a Whole

The following table shows, in condensed format, the net assets as of the current date and statement of activities for the year ended March 31, 2005 (amounts in thousands):

TABLE 1

Assets

Current assets	\$ 1,061
Noncurrent assets	734
Total assets	1,795

Current Liabilities

118

Net Assets

Invested in capital assets	734
Unrestricted	943
Total net assets	<u><u>\$ 1,677</u></u>

TABLE 2

Revenue

Property taxes	\$ 1,078
Program fees	698
Other	13
Total revenue	1,789

Expenses

1,580

Change in Net Assets

\$ 209

Romeo, Washington, Bruce Parks and Recreation Commission

Management's Discussion and Analysis (Continued)

The Commission's combined net assets increased by approximately 14 percent, mainly due to an increase in tax collection of approximately \$150,000 over the prior year, due to the increase in taxable value of the member townships.

Overall program revenue increased but not as much as expenditures increased, causing a net decrease in net program revenue. This was due to several factors, including running programs at minimum numbers, increases in the addition of employee and equipment/supply costs, inflation, and facility charges.

Nonprogram revenue decreased because of the loss of Community Development Block Grant (CDBG) funds requested from the federal government (reduced from \$35,000 budgeted to \$9,350 actual). Interest revenue increased, due to a higher balance in the sweep investment account, and the municipal contributions (tax collections) increased by approximately 14 percent, due to the steady increase in community population.

As discussed above, the main increase in revenue related to the increase in property tax revenue. Overall, expenses decreased in comparison to prior year due to a decrease in capital development and the restructure of the department's two senior center's operating structure.

A realignment in office staff for the two senior centers and the loss of one full-time staff, due to retirement, resulted in an overall administrative savings; however, higher programming expenses increased the overall expenditures in the General Fund. Expenses increased during the year primarily due to contractual service expenses increasing and the development and additional operational expenses of both Gilcher (Washington Township) and Bruce Park (Bruce Township). We experienced a marked increase in program costs attributed to increases charged to us by Romeo Community School District for the use of their facilities.

General Fund Budgetary Highlights

Over the course of the year, the Commission exceeded their budget, which resulted in incurring greater expenditures. This was due to unanticipated expenditures that became necessary during the year. Overall, the General Fund's fund balance was approximately \$972,000 on March 31, 2005.

Economic Factors and Next year's Budgets and Rates

The Commission's budget for next year will include the following changes. The reduction in full-time staff from eight to seven allowed for the hiring of more part-time staff for both senior centers, which shows an overall administrative savings. However, adding part-time help to replace full-time help always increases the program expenses. The addition of a health care plan for retirees is being considered and will increase the administrative expenses through a budget amendment when passed.

Romeo, Washington, Bruce Parks and Recreation Commission

Management's Discussion and Analysis (Continued)

The reduction in CDBG money forced us to turn to other methods of funding our CHORE program such as fund-raising and a pay-for-service plan scaled to income. Rather than contracting out the services, we have obtained a truck, staff, and equipment to service the participants at a lower cost.

In addition, we will face ever-increasing rates for liability insurance, vehicle insurance, and workmen's compensation insurance. The increasing cost of facility usage (Romeo Community Schools) will impact our program expenses. The demand for park, ball field, and soccer field improvements, in addition to the need for more space for both program and community use, continues the need for capital improvements. The Commission will work hard to maintain a budget that works for all concerned and will increase efforts to stay within the budget.

Contacting the Commission's Management

This financial report is intended to provide our citizens, customers, and investors with a general overview of the Commission's finances and to show the Commission's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Commission's office.

Romeo, Washington, Bruce Parks and Recreation Commission

Governmental Fund Balance Sheet - Statement of Net Assets March 31, 2005

	Balance Sheet - Modified Accrual	Adjustments (Note 2)	Statement of Net Assets - Full Accrual
Assets			
Cash and cash equivalents (Note 3)	\$ 522,565	\$ -	\$ 522,565
Due from other governmental units	537,240	-	537,240
Prepaid expenses	630	-	630
Capital assets - Depreciated (Note 4)	-	734,271	734,271
Total assets	<u>\$ 1,060,435</u>	734,271	1,794,706
Liabilities and Fund Balance			
Liabilities			
Accounts payable	\$ 16,414	-	16,414
Accrued liabilities	52,811	-	52,811
Due to other governmental units	6,956	-	6,956
Deferred revenue	12,376	(9,380)	2,996
Compensated absences (Note 1)	-	38,556	38,556
Total liabilities	88,557	29,176	117,733
Fund Balance - Unreserved and undesignated	<u>971,878</u>	<u>(971,878)</u>	
Total liabilities and fund balance	<u>\$ 1,060,435</u>		
Net Assets			
Invested in capital assets		734,271	734,271
Unrestricted		942,702	942,702
Total net assets		<u>\$ -</u>	<u>\$ 1,676,973</u>

Romeo, Washington, Bruce Parks and Recreation Commission

Statement of Governmental Fund Revenue, Expenditures, and Changes in Fund Balance - Statement of Activities Year Ended March 31, 2005

	Revenues and Expenditures - Modified Accrual	Adjustments (Note 2)	Statement of Activities - Full Accrual
Revenue			
Property taxes	\$ 1,077,774	\$ -	\$ 1,077,774
Program fees	697,876	-	697,876
Federal sources	-	9,380	9,380
Interest	3,837	-	3,837
Total revenue	1,779,487	9,380	1,788,867
Expenditures			
Administrative salaries	254,306	-	254,306
Administrative benefits	123,876	-	123,876
General and administrative	75,600	(3,557)	72,043
Community improvement and development	428,517	(146,537)	281,980
Program	727,164	-	727,164
Federal	9,380	-	9,380
Depreciation	-	66,165	66,165
Other	45,031	-	45,031
Total expenditures	1,663,874	(83,929)	1,579,945
Change in Fund Balance/Net Assets	115,613	93,309	208,922
Fund Balance/Net Assets			
Beginning of year	856,265	611,786	1,468,051
End of year	<u>\$ 971,878</u>	<u>\$ 705,095</u>	<u>\$ 1,676,973</u>

Romeo, Washington, Bruce Parks and Recreation Commission

Notes to Financial Statements March 31, 2005

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the Romeo, Washington, Bruce Parks and Recreation Commission (the "Commission") conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant accounting policies used by the Commission.

Reporting Entity

The Commission was organized by Washington and Bruce Townships by a joint resolution and the Articles of Incorporation being adopted in 1971 and subsequently amended March 26, 1986. The Commission was organized to promote, plan, coordinate, and operate a system of indoor and outdoor public recreation programs and facilities for all residents of those areas encompassed by the boundaries of the townships of Bruce and Washington and the Romeo School District. The Commission is governed by a two-member board with one representative from each township and one alternate member from each township. The Commission is not considered to be a component unit of the townships of Bruce and Washington or the Romeo School District.

The accompanying basic financial statements have been prepared in accordance with criteria established by the Government Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. Based on these criteria, there are no component units of the Commission that are to be included in the reporting entity.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Commission's basic financial statements include both the Commission's full accrual financial statements and modified accrual financial statements.

Full Accrual Financial Statements

The full accrual financial statements (i.e., the statement of net assets and the statement of activities) are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants, charges for services, and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The statement of net assets includes and recognizes all long-term assets and liabilities.

Romeo, Washington, Bruce Parks and Recreation Commission

Notes to Financial Statements March 31, 2005

Note 1 - Summary of Significant Accounting Policies (Continued)

Modified Accrual Financial Statements

The modified accrual financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Commission considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences are recorded only when payment is due.

Interest earned on cash deposits is recorded on the accrual basis.

Private sector standards of accounting issued prior to December 1, 1989 are generally followed in the government-wide statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The Commission has elected not to follow private sector standards issued after November 30, 1989 for its full accrual presentation.

Assets, Liabilities, and Net Assets or Equity

Cash and Cash Equivalents - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

Capital Assets - Capital assets, which include building and building improvements, land improvements, machinery, equipment and vehicles, and office equipment, are reported in the statement of net assets. Capital assets are defined by the Commission as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Romeo, Washington, Bruce Parks and Recreation Commission

Notes to Financial Statements March 31, 2005

Note 1 - Summary of Significant Accounting Policies (Continued)

Capital assets are depreciated using the straight-line method over the following useful lives:

Building and building improvements	5 to 25 years
Land improvements	3 to 30 years
Machinery, equipment, and vehicles	5 to 30 years
Office equipment	2 to 15 years

Compensated Absences - It is the Commission's policy to permit full-time employees to accumulate earned but unused sick and vacation pay benefits. All compensated absence pay is accrued when incurred in the full accrual financial statement. A liability for these amounts is reported in the modified accrual financial statements only for employee terminations as of year end.

Deferred Revenue - Modified accrual basis financial statements and the full accrual financial statements report deferred revenue in connection with revenue that has not been earned since it relates to advance collection of program fees for programs which will be provided subsequent to the end of the current fiscal year.

Property Taxes - Property taxes are levied on each December 1 on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed.

The Commission receives property taxes levied by the member townships Washington and Bruce. The 2004 taxable value of all the property subject to the Commission's millage is \$958 million and \$438 million for Washington Township and Bruce Township, respectively, on which taxes levied consisted of total mills of .7500 for each township, of which all were for operating purposes. This resulted in approximately \$1,050,000 for operations. This amount is recognized as tax revenue.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumption that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Romeo, Washington, Bruce Parks and Recreation Commission

Notes to Financial Statements March 31, 2005

Note 1 - Summary of Significant Accounting Policies (Continued)

Change in Accounting - During the current year, the Commission adopted GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. Changes to the Commission's financial statements as a result of GASB 34 are as follows:

- A management's discussion and analysis (MD&A) section providing analysis of the Commission's overall financial position and results of operations has been included.
- The financial statements include a full accrual accounting for all of the Commission's activities.
- Capital assets at March 31, 2004, previously reported in the General Fixed Assets Account Group, have been adjusted by approximately \$1,025,000 to reflect the historical cost of the Commission's capital assets at that time.
- The General Fund now accrues a liability for compensated absences only to the extent that they come due for payment prior to year end.

Other accounting policies are disclosed in other notes to the financial statements.

Romeo, Washington, Bruce Parks and Recreation Commission

Notes to Financial Statements March 31, 2005

Note 2 - Reconciliation of Government-wide and Fund Financial Statements

Total fund balances and the net change in fund balances of the Commission's modified accrual reporting differs from net assets and changes in net assets of the full accrual reporting in the statement of net assets and statement of activities. This difference results primarily from the long-term economic focus of full accrual reporting versus the economic focus of modified accrual reporting. The following are reconciliations of fund balance (modified accrual basis) to net assets (full accrual basis) and the net change in fund balance to the net change in net assets:

Total Fund Balance - Modified Accrual Basis	\$ 971,878
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Amounts reported in the statement of net assets are different because:

Capital assets are not financial resources and are not reported in the funds	734,271
Certain receivables were earned during the current fiscal year but are not available to pay for current year expenditures	9,380
Long-term liabilities are not due and payable in the current period and are not reported in the fund	(38,556)

Total Net Assets - Full Accrual Basis	<u>\$ 1,676,973</u>
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Net Change in Fund Balances - Modified Accrual Basis	\$ 115,613
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Amounts reported in the statement of activities are different because:

Governmental funds reported capital outlay as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation	146,537
Depreciation is recorded as an expense in the statement of activities but not in the governmental funds	(66,165)
Revenue reported in the statement of activities that does not provide current financial resources is not reported as revenue in the governmental funds	9,380
The change in accumulated employee sick and vacation pay is recorded when earned in the statement of activities	3,557

Change in Net Assets of Governmental Activities - Full Accrual Basis	<u>\$ 208,922</u>
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Romeo, Washington, Bruce Parks and Recreation Commission

Notes to Financial Statements March 31, 2005

Note 3 - Deposits

Michigan Compiled Laws, Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; bankers' acceptances of United States banks; commercial paper rated within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan. The Commission's deposit and investment policies are in accordance with statutory authority.

The investment policy adopted by the Commission is in accordance with Public Act 196 of 1997 and has authorized investments in all of the investments allowable by the State statutory authority as listed above.

The Commission's deposits and investments at March 31, 2005 are included on the balance sheet under the classification of "cash and cash equivalents." This consists of \$500 of petty cash and cash on hand, and the remainder is held in bank investment pools. Investments are normally categorized to give an indication of the level of risk assumed by the Commission; however, bank investment pools are not categorized because they are not evidenced by securities that exist in physical or book entry form. The bank investment pools are regulated by the Michigan Banking Act. The fair value of the position of the pool is the same as the value of the pool shares.

Romeo, Washington, Bruce Parks and Recreation Commission

Notes to Financial Statements March 31, 2005

Note 4 - Capital Assets

Capital asset activity of the Commission's governmental activities was as follows:

Governmental Activities	Balance - April 1, 2004	Additions	Deletions	Balance - March 31, 2005
Capital assets being depreciated:				
Building and building improvements	\$ 150,575	\$ -	\$ -	\$ 150,575
Land improvements	470,847	140,935	-	611,782
Machinery, equipment, and vehicles	74,642	-	-	74,642
Office equipment	52,706	5,602	-	58,308
Subtotal	748,770	146,537	-	895,307
Accumulated depreciation:				
Building and building improvements	16,989	9,469	-	26,458
Land improvements	28,390	29,932	-	58,322
Machinery, equipment, and vehicles	33,686	17,394	-	51,080
Office equipment	15,806	9,370	-	25,176
Subtotal	94,871	66,165	-	161,036
Net capital assets being depreciated	<u>\$ 653,899</u>	<u>\$ 80,372</u>	<u>\$ -</u>	<u>\$ 734,271</u>

Note 5 - Budget Information

The annual budget is prepared by the Commission and adopted by Bruce and Washington Townships; subsequent amendments are approved by the boards of the above entities. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. The amount of encumbrances outstanding at March 31, 2005 has not been determined. During the current year, the budget was amended in a legally permissible manner. The budget has been prepared in accordance with accounting principles generally accepted in the United States of America.

The budget is adopted on a line-item basis for nonprogram expenditures and on an activity level for program-based expenditures; expenditures at this level in excess of amounts budgeted are a violation of Michigan law. A comparison of actual results of operations to the budget as adopted is included in the required supplemental information. This comparison includes expenditure budget overruns. The additional detail in this statement is shown in greater detail than the budget that was adopted and is used to provide additional analysis for management use only.

Romeo, Washington, Bruce Parks and Recreation Commission

Notes to Financial Statements March 31, 2005

Note 5 - Budget Information (Continued)

Excess of Expenditures Over Appropriations - During the year, the Commission incurred expenditures that were in excess of the amounts budgeted as follows:

	Amended Budget	Actual
General Fund:		
Administrative salaries:		
Accountant	\$ 38,736	\$ 38,746
Older adult coordinator	30,891	34,823
Office manager	65,726	66,149
General and administrative:		
Software support	1,900	1,950
Advertising	2,000	3,993
Community improvement and development:		
Maintenance	163,700	176,605
Community Center maintenance	69,000	74,466
Washington Senior Center	20,500	24,999
Program expenditures:		
Adult	21,000	27,947
Youth	97,000	118,916
Older adult travel	60,000	81,959
Older adult	69,000	87,182
Aerobics	35,200	39,356
Aquatics	77,075	80,637
Special events	112,900	118,525
Dance	84,000	90,913
Program operating	70,300	81,729
Other	(3,000)	45,031

The unfavorable variances were caused by unanticipated expenditures that became necessary during the year.

Romeo, Washington, Bruce Parks and Recreation Commission

Notes to Financial Statements March 31, 2005

Note 6 - Defined Contribution Pension Plan

The Commission provides pension benefits to all of its full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. As established by board resolution, the Commission contributes 15 percent of base salaries. In accordance with these requirements, the Commission contributed \$33,829 during the current year.

Note 7 - Risk Management

The Commission is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Commission has purchased commercial insurance for medical claims and workers' compensation and participates in the Michigan Municipal League risk pool for claims relating to property loss, torts, and errors and omissions. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal League plan operates as an insurance purchasing pool for local units of government in Michigan. The plan purchases commercial insurance on behalf of its members at a lower cost than would be available on an individual basis.

Required Supplemental Information

Romeo, Washington, Bruce Parks and Recreation Commission

Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended March 31, 2005

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
Revenue				
Property taxes:				
Washington Township	\$ 577,278	\$ 577,278	\$ 719,244	\$ 141,966
Bruce Township	357,029	357,029	358,530	1,501
Total property taxes	934,307	934,307	1,077,774	143,467
Program fees:				
Adult:				
Golf	10,500	10,500	11,484	984
Tennis	700	700	4,464	3,764
Disabled softball	500	500	1,040	540
Drop-in sports	2,400	2,400	3,734	1,334
Softball leagues	9,000	9,000	9,375	375
Walking fitness	800	800	859	59
Women's volleyball	6,500	6,500	6,578	78
Yoga	4,000	4,000	5,659	1,659
Flag football	800	800	-	(800)
Psychic night	300	300	545	245
Total adult	35,500	35,500	43,738	8,238
Youth:				
Basketball league	27,000	27,000	23,002	(3,998)
Bonanza	16,500	16,500	13,423	(3,077)
TOT programs	7,000	7,000	5,242	(1,758)
TOT sports	8,000	8,000	6,194	(1,806)
Weenanza	700	700	-	(700)
Gymnastics	9,000	9,000	33,154	24,154
Indoor soccer	4,000	4,000	1,715	(2,285)
Floor hockey	3,000	3,000	2,104	(896)
T-ball	2,500	2,500	2,206	(294)
Tae Kwon Do	19,000	19,000	16,772	(2,228)
Flag football	4,500	4,500	7,702	3,202
Miscellaneous	15,000	15,000	5,035	(9,965)
Fencing	4,000	4,000	4,059	59
Bowling	3,000	3,000	2,284	(716)
Archery	4,000	4,000	2,932	(1,068)
Bulldog basketball camp	13,000	13,000	16,398	3,398
Cheerleading	5,000	5,000	2,995	(2,005)
Kids Krafts	500	500	-	(500)
Volleyball	800	800	452	(348)
Youth disabled	500	500	1,010	510
Total youth	147,000	147,000	146,679	(321)
Older adult travel	68,000	68,000	104,604	36,604

Romeo, Washington, Bruce Parks and Recreation Commission

Required Supplemental Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended March 31, 2005

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
Revenue (Continued)				
Program fees (Continued):				
Older adult:				
Sports/Fitness	\$ 500	\$ 500	\$ 429	\$ (71)
Miscellaneous programs	1,200	1,200	1,004	(196)
Spotlight	8,000	8,000	6,444	(1,556)
Special events	11,000	11,000	14,740	3,740
Art classes	10,500	10,500	13,995	3,495
Card games	-	-	6	6
Quilting	-	-	185	185
Volunteer recognition	3,000	3,000	1,806	(1,194)
Nonchore/Donations	10,000	10,000	3,728	(6,272)
Dining out	1,600	1,600	1,760	160
Peach festival	6,000	6,000	6,104	104
Total older adult	51,800	51,800	50,201	(1,599)
Aerobics:				
Classes	35,000	35,000	33,730	(1,270)
Playroom	2,200	2,200	2,308	108
Total aerobics	37,200	37,200	36,038	(1,162)
Aquatics:				
Aquafits	2,200	2,200	1,629	(571)
Community swim	2,000	2,000	2,165	165
Fitness swim	1,600	1,600	1,800	200
Rentals	100	100	-	(100)
Senior swim	900	900	982	82
Swim lessons	53,000	53,000	48,694	(4,306)
Competitive swim	49,000	49,000	56,910	7,910
Water safety	-	-	80	80
Miscellaneous	-	-	20	20
Total aquatics	108,800	108,800	112,280	3,480

Romeo, Washington, Bruce Parks and Recreation Commission

Required Supplemental Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended March 31, 2005

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
Revenue (Continued)				
Program fees (Continued):				
Special events:				
Children's carnival	\$ 3,500	\$ 3,500	\$ 3,378	\$ (122)
Friday fun	1,000	1,000	-	(1,000)
Summer concerts	8,000	8,000	200	(7,800)
Tickets	26,500	26,500	24,321	(2,179)
Trips	8,700	8,700	26,162	17,462
Miscellaneous	11,000	11,000	10,413	(587)
Birthday parties	4,000	4,000	4,088	88
Jumpin' Jupiter	3,500	3,500	2,951	(549)
Special parties	800	800	594	(206)
Seasonal events	3,500	3,500	4,023	523
Peach festival	5,000	5,000	4,882	(118)
Community Center rentals	18,500	18,500	20,917	2,417
Washington Senior Center rentals	6,000	6,000	7,854	1,854
Total special events	100,000	100,000	109,783	9,783
Dance:				
Lessons	49,000	49,000	49,614	614
Miscellaneous	13,000	13,000	13,033	33
Costumes	17,000	17,000	19,643	2,643
Recitals	12,000	12,000	12,263	263
Total dance	91,000	91,000	94,553	3,553
Total program fees	639,300	639,300	697,876	58,576
Interest	5,000	5,000	3,837	(1,163)
Federal sources:				
Chore	20,000	20,000	-	(20,000)
Older adults developer	5,000	5,000	-	(5,000)
Total federal sources	25,000	25,000	-	(25,000)
Total revenue	1,603,607	1,603,607	1,779,487	175,880

Romeo, Washington, Bruce Parks and Recreation Commission

Required Supplemental Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended March 31, 2005

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
Expenditures				
Administrative salaries:				
Director	\$ 38,468	\$ 38,468	\$ 37,596	\$ 872
Assistant director	32,123	32,123	31,947	176
Accountant	38,736	38,736	38,746	(10)
Senior developer	35,568	35,568	6,655	28,913
Older adult coordinator	30,891	30,891	34,823	(3,932)
Recreation coordinator	35,569	35,569	35,569	-
Office manager	65,726	65,726	66,149	(423)
Overtime	7,000	7,000	2,821	4,179
Total administrative salaries	284,081	284,081	254,306	29,775
Administrative benefits:				
Employers' FICA	23,500	23,500	22,439	1,061
Health insurance	59,000	59,000	51,353	7,647
Life insurance	2,000	2,000	792	1,208
Retirement	41,563	41,563	33,829	7,734
Longevity	3,900	3,900	2,900	1,000
MESC	1,600	1,600	1,221	379
Workers' compensation	5,000	5,000	4,116	884
Benefit compensation	5,000	5,000	4,605	395
Disability insurance	3,000	3,000	2,621	379
Total administrative benefits	144,563	144,563	123,876	20,687
General and administrative:				
Office supplies	17,300	17,300	13,109	4,191
Postage	700	700	479	221
Office equipment service	12,000	12,000	8,685	3,315
Audit	4,200	4,200	3,700	500
Mileage	1,000	1,000	596	404
Liability insurance	11,000	11,000	10,545	455
Telephone	14,000	14,000	13,308	692
Conferences	3,000	3,000	1,689	1,311
Software support	1,900	1,900	1,950	(50)
Advertising	2,000	2,000	3,993	(1,993)
Accounting assistant	17,500	17,500	16,116	1,384
Miscellaneous	2,000	2,000	1,430	570
Total general and administrative	86,600	86,600	75,600	11,000

Romeo, Washington, Bruce Parks and Recreation Commission

Required Supplemental Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended March 31, 2005

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
Expenditures (Continued)				
Community improvement and development:				
Maintenance	\$ 163,700	\$ 163,700	\$ 176,605	\$ (12,905)
Community Center maintenance	69,000	69,000	74,466	(5,466)
Capital outlay	156,688	156,688	152,447	4,241
Washington Senior Center	20,500	20,500	24,999	(4,499)
Total community improvement and development	409,888	409,888	428,517	(18,629)
Program expenditures:				
Adult:				
Golf	6,000	6,000	8,621	(2,621)
Tennis	600	600	3,248	(2,648)
Disabled softball	300	300	219	81
Drop-in sports	1,100	1,100	2,509	(1,409)
Softball leagues	6,000	6,000	5,415	585
Walking fitness	1,300	1,300	1,161	139
Women's volleyball	3,000	3,000	3,893	(893)
Yoga	2,000	2,000	2,518	(518)
Flag football	500	500	-	500
Psychic night	200	200	363	(163)
Total adult	21,000	21,000	27,947	(6,947)
Youth:				
Basketball league	14,000	14,000	15,353	(1,353)
Bonanza	17,000	17,000	17,923	(923)
TOT programs	5,500	5,500	6,774	(1,274)
TOT sports	4,500	4,500	3,445	1,055
TOT camp	500	500	-	500
Gymnastics	7,000	7,000	27,348	(20,348)
Indoor soccer	2,000	2,000	1,698	302
Floor hockey	1,500	1,500	2,363	(863)
T-ball	600	600	849	(249)
Tae Kwon Do	14,000	14,000	12,212	1,788
Flag football	2,500	2,500	2,563	(63)
Miscellaneous	8,000	8,000	7,334	666
Fencing	2,000	2,000	1,699	301
Bowling	1,800	1,800	2,267	(467)
Archery	2,500	2,500	1,794	706
Cheerleading	2,000	2,000	2,161	(161)
Bulldog basketball camp	10,500	10,500	12,713	(2,213)
Kids Kraft	300	300	-	300
Volleyball	500	500	420	80
Youth disabled	300	300	-	300
Total youth	97,000	97,000	118,916	(21,916)

Romeo, Washington, Bruce Parks and Recreation Commission

Required Supplemental Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended March 31, 2005

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
Expenditures (Continued)				
Program expenditures (Continued):				
Older adult travel	\$ 60,000	\$ 60,000	\$ 81,959	\$ (21,959)
Older adult:				
Dances	-	-	461	(461)
Sports/Fitness	5,100	5,100	5,144	(44)
Miscellaneous programs	1,000	1,000	1,336	(336)
Spotlight	2,300	2,300	3,933	(1,633)
Art classes	3,500	3,500	4,307	(807)
Secretary	28,000	28,000	45,849	(17,849)
Quilting	1,000	1,000	152	848
Volunteer recognition	6,000	6,000	5,909	91
Nonchore/Donations	6,000	6,000	3,767	2,233
Dining out	600	600	66	534
Peach festival	4,000	4,000	5,094	(1,094)
Special events	10,000	10,000	9,107	893
Supplies	1,500	1,500	2,057	(557)
Total older adult	69,000	69,000	87,182	(18,182)
Aerobics:				
Classes	30,000	30,000	33,032	(3,032)
Playroom	2,700	2,700	4,499	(1,799)
Miscellaneous	2,500	2,500	1,825	675
Total aerobics	35,200	35,200	39,356	(4,156)
Aquatics:				
Aquafits	2,100	2,100	1,559	541
Community swim	1,000	1,000	841	159
Competitive swim	33,900	33,900	42,348	(8,448)
Fitness swim	800	800	559	241
Rentals	75	75	35	40
Senior swim	1,600	1,600	1,557	43
Swim lessons	22,600	22,600	19,622	2,978
Coordinator	14,000	14,000	13,520	480
Miscellaneous	1,000	1,000	596	404
Total aquatics	77,075	77,075	80,637	(3,562)

Romeo, Washington, Bruce Parks and Recreation Commission

Required Supplemental Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended March 31, 2005

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
Expenditures (Continued)				
Program expenditures (Continued):				
Special events:				
Children's carnival	\$ 10,000	\$ 10,000	\$ 8,358	\$ 1,642
Friday fun	600	600	156	444
Jumpin' Jupiter	2,000	2,000	2,071	(71)
Peach festival	9,500	9,500	6,216	3,284
Seasonal events	10,000	10,000	10,172	(172)
Summer concerts	8,000	8,000	4,825	3,175
Tickets	26,400	26,400	25,118	1,282
Trips	9,000	9,000	30,929	(21,929)
Special parties	400	400	223	177
Birthday parties	2,500	2,500	2,668	(168)
Community center rentals	7,500	7,500	6,685	815
Washington senior center rentals	3,000	3,000	4,868	(1,868)
Supplies	1,000	1,000	21	979
Coordinator	7,000	7,000	5,982	1,018
Miscellaneous	16,000	16,000	10,233	5,767
Total special events	112,900	112,900	118,525	(5,625)
Dance:				
Costumes	17,500	17,500	18,177	(677)
Dance lessons	40,000	40,000	44,088	(4,088)
Recitals	10,000	10,000	4,938	5,062
Miscellaneous	16,500	16,500	23,710	(7,210)
Total dance	84,000	84,000	90,913	(6,913)
Program operating:				
Program clerk	28,000	28,000	32,105	(4,105)
Brochures	11,000	11,000	13,947	(2,947)
MESC	2,500	2,500	2,656	(156)
Employers' FICA	20,000	20,000	22,796	(2,796)
Credit card fees	8,300	8,300	9,720	(1,420)
Mailings	-	-	150	(150)
Miscellaneous	500	500	355	145
Total program operating	70,300	70,300	81,729	(11,429)
Total program expenditures	626,475	626,475	727,164	(100,689)

Romeo, Washington, Bruce Parks and Recreation Commission

Required Supplemental Information Budgetary Comparison Schedule - General Fund (Continued) Year Ended March 31, 2005

	Original Budget	Amended Budget	Actual	Variance with Amended Budget Favorable (Unfavorable)
Expenditures (Continued)				
Federal expenditures:				
Chore	\$ 20,000	\$ 20,000	\$ 4,705	\$ 15,295
Older adults developer	15,000	15,000	4,675	10,325
CDBG	20,000	20,000	-	20,000
Total federal expenditures	55,000	55,000	9,380	45,620
Other	(3,000)	(3,000)	45,031	(48,031)
Total expenditures	<u>\$ 1,603,607</u>	<u>\$ 1,603,607</u>	<u>\$ 1,663,874</u>	<u>\$ (60,267)</u>



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June 17, 2005

To the Members of the Council of the
Romeo, Washington, Bruce Parks and Recreation Commission

Dear Members of the Council:

In planning and performing our audit of the financial statements of the Romeo, Washington, Bruce Parks and Recreation Commission for the year ended March 31, 2005, we considered the Commission's internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control. However, we noted certain matters involving the internal control and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgment, could adversely affect the Commission's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Due to the size of the Commission, there is a lack of segregation of duties between employees. The same individual takes deposits to the bank, performs bank reconciliations, writes payroll checks and posts journal entries to the general ledger. To ensure the safeguarding of assets, these functions should be performed by separate individuals.

During our audit, we noted that the Council does not meet every month. In order to provide proper oversight of the daily operations of the Parks and Recreation Commission, the Council should be meeting every month to review cash disbursements for propriety. They should also be reviewing monthly budget to actual reports for any unusual transactions or expense accounts that are over budget. This continuous oversight helps to ensure the integrity of the financial records.

This report is intended solely for the information and use of Members of the Council, management, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

PLANTE & MORAN, PLLC

A handwritten signature in black ink, appearing to read "Mark R. Hurst".

Mark R. Hurst

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